

STATE OF MICHIGAN



WILLIAM G. MILLIKEN, Governor

DEPARTMENT OF TREASURY

LOREN E. MONROE, State Treasurer

STATE TAX COMMISSION

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No. 10 - February 10, 1982
Act 5, P.A. of 1982
Truth in Taxation

TO: County Equalization Directors

FROM: Edward G. Johnson, Assistant Administrator
State Tax Commission

RE: Act 5, P.A. of 1982 (Senate Bill 350) Truth in Taxation
Effective February 9, 1982

Attached is a copy of Act 5, P.A. of 1982.

The act is effective February 9, 1982. Its provisions will be applicable to all operating taxes levied after that date.

Act No. 5
Public Acts of 1982
Approved by Governor
February 9, 1982, I.E.

**STATE OF MICHIGAN
81ST LEGISLATURE
REGULAR SESSION OF 1982**

Introduced by Senators DeSana, Faust, Geo. Hart, Huffman, Mack, DiNello, O'Brien, Guastello, Monsma, Irwin, Hertel, Plawewski, Kammer and Sederburg

ENROLLED SENATE BILL No. 350

AN ACT to amend Act No. 206 of the Public Acts of 1893, entitled as amended "An act to provide for the assessment of property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the lands taxed, establishing and continuing the lien, providing for the sale and conveyance of lands delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this act," as amended, being sections 211.1 to 211.157 of the Compiled Laws of 1970, by adding section 24e.

The People of the State of Michigan enact:

Section 1. Act No. 206 of the Public Acts of 1893, as amended, being sections 211.1 to 211.157 of the Compiled Laws of 1970, is amended by adding section 24e to read as follows:

Sec. 24e. (1) As used in this section:

(a) "Additional millage rate" means a millage rate for operating purposes in excess of the millage rate permitted by operation of subsection (2).

(b) "Additions" means all increases in value caused by new construction, a physical addition of equipment or furnishings, and the value of property which was exempt from taxes in the previous year or not included on the assessment unit's previous year's assessment roll.

(c) "Base tax rate" means a millage rate for a local unit of government equal to the dollar amount of taxes levied for operating purposes for the concluding fiscal year from existing property divided by the state equalized value of existing property for ad valorem property tax levies for the ensuing fiscal year.

(d) "Concluding fiscal year" means the fiscal year of the taxing unit immediately preceding the fiscal year for which a limitation under this section is applied or calculated.

(e) "Ensuing fiscal year" means the fiscal year of the taxing unit for which a limitation under this section is applied or calculated.

(f) "Existing property" means all property against which ad valorem property taxes were levied by a local unit for its concluding fiscal year, minus all property which is considered losses for purposes of ad valorem property tax levies of the local unit for the ensuing fiscal year.

(g) "Local unit of government" or "taxing unit" means a city, village, township, charter township, county, charter county, local school district, intermediate school district, community college district, or authority.

(h) "Losses" means a decrease in value caused by the removal or destruction of real or personal property, and the value of property in the prior year which has been exempted or removed from the assessment unit's assessment roll.

(i) "Operating purposes" means all purposes for which ad valorem property taxes are levied by the taxing unit other than the levy of ad valorem property taxes to provide local school districts revenue which is deposited in a building and site fund, or to pay principal and interest due on a bond or note if and to the extent the ad valorem taxes levied for this purpose are in addition to charter or statutory limitations, as authorized by section 1a of chapter VII of Act No. 202 of the Public Acts of 1943, as amended, being section 137.1a of the Michigan Compiled Laws.

(2) Except as provided by subsection (3), the governing body of a taxing unit shall not levy ad valorem property taxes for operating purposes for an ensuing fiscal year of the taxing unit which yield an amount more than the sum of the taxes levied at the base tax rate on additions within the taxing unit for the ensuing fiscal year plus an amount equal to the taxes levied for operating purposes for the concluding fiscal year on existing property.

(3) A governing body of a taxing unit may approve a levy of an additional millage rate only after providing the notice required by subsections (6) and (9), holding a public hearing of the governing body as prescribed by subsection (6), and adopting a separate resolution or ordinance of the governing body approving the levy of the additional millage rate.

(4) If as a result of an appeal of county equalization or state equalization the state equalized valuation of a unit of local government changes, and an incorrect amount of property taxes has been levied, the amount of additional tax revenue or the shortage of tax revenue shall be deducted from or added to the next regular tax levy for that unit of local government after the determination of the rate authorized pursuant to this section.

(5) If, at any time, the taxing unit determines that the published, proposed additional millage rate or an adopted additional millage rate is insufficient, the taxing unit shall readvertise, hold another public hearing of the governing body, and, if necessary, revoke.

(6) The public hearing of the governing body of a taxing unit required pursuant to subsections (3) and (5) shall be held for the purpose of receiving testimony and discussing a levy of an additional millage rate for its ensuing fiscal year. In addition to satisfying the requirements under Act No. 267 of the Public Acts of 1976, as amended, being sections 15.261 to 15.275 of the Michigan Compiled Laws, local unit of government or taxing unit shall publish notice of this public hearing in a newspaper of general circulation within the local unit of government or taxing unit. This notice shall be published not less than 6 days before the public hearing and may be jointly published with the notice of the public hearing on the taxing unit's proposed budget as required by section 2 of Act No. 43 of the second extra session of 1963, being section 141.412 of the Michigan Compiled Laws, if both public hearings are held jointly. This notice shall specify the time, date, and place of the public hearing and shall include, in addition to other pertinent information the local unit of government or taxing unit may elect to include, a statement indicating the proposed additional millage rate and the percentage by which this proposed additional millage rate would increase revenues for operating purposes from ad valorem property tax levies permitted by operation of subsection (2). This notice shall also provide a statement that the taxing unit publishing the notice has complete authority to establish the number of mills to be levied from within its authorized millage rate. The notice shall be in not less than 12-point type, shall be preceded by a headline stating "notice of a public hearing on increasing property taxes" which shall be in not less than 18-point type, shall be not less than 8 vertical column inches and 4 horizontal inches, and shall not be placed in that portion of the newspaper reserved for legal notice and classified advertisements.

(7) The proposed additional millage rate, which is required by subsection (6) to be part of the notice of the public hearing, shall be established by a resolution adopted by the governing body of the taxing unit before conducting the public hearing.

(8) Not less than 7 days after a public hearing, a taxing unit may approve the levy of an additional millage rate, but shall not approve an additional millage rate which is greater than a proposed additional millage rate that was published pursuant to subsection (6) and on which a public hearing has been held.

(9) Each local unit shall send timely written notice of the time, date, and place of a public hearing to be held pursuant to this section to all newspapers of general circulation within the local unit.

(10) This section shall neither serve to extend or authorize the levy of ad valorem property taxes at a tax rate in excess of the maximum permitted by law, nor prevent the reduction of the tax rate either by action of the governing body of the taxing unit or pursuant to this act, including sections 34 and 34d. Reductions in millage rates that may be required by the compound operation of sections 34 and 34d shall be calculated independently of the tax rate limitation determined by operation of this section.

(11) This section shall apply to a fiscal year of a taxing unit for which ad valorem property taxes are levied in 1982 or in any year thereafter. This section shall not apply for the ensuing fiscal year of a local unit of government that levied ad valorem property taxes for operating purposes of 1 mill or less for its concluding fiscal year.

This act is ordered to take immediate effect.

William C. Londer

Secretary of the Senate.

Thomas S. Husband

Clerk of the House of Representatives.

Approved

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Governor.